

Message Text

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ACTION ARA-10

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USCINCSO QUARRY HEIGHTS

C O N F I D E N T I A L CARACAS 11413

FROM AMBASSADOR

E.O. 11652: GDS

TAGS: MARR, PFOR, VE

SUBJECT: USE OF FMS CREDIT FOR FY-77 TRAINING

1. THE ISSUE WE FACE IS WHETHER WE CAN PROVIDE SOME MEANINGFUL ALTERNATIVE TO THE RELATIVELY SUDDEN (TO THE GOV) CUT-OFF OF FY 77 IMET FUNDS SO AS TO SOFTEN THE BOW, PROVIDE AN ORDERLY PHASE-OUT OF OUR TRAINING AID, AND REASSURE THE VEN MOD THAT WE ARE NOT DUMPING THEM. THE FACT IS THAT THE CUT-OFF CAME SUDDENLY TO THE VENEZUELAN, AND THAT THEY CANNOT ADJUST TO IT WITHIN THEIR OWN BUDGETARY RESOURCES. (THE REASONS FOR THIS WERE EXPLAINED IN CARACAS 8693 AND ESPECIALLY IN CARACAS 9415. IT MAY SEEM STRANGE THAT THE VEN BUREAUCRACY IS NOT MORE FLEXIBLE AND RESPONSIVE TO CHANGE IN CIRCUMSTANCES; WITHOUT WISHING TO GO INTO THE ODDITIES OF BUREAUCRACIES INCLUDING OUR OWN, LET ME SIMPLY ASSURE ALL CONCERNED THAT THIS IS THE BUREAUCRATIC FACT HERE AND NOT AN ULTERIOR ARGUMENT.)

2. ALL THIS IN TURN RELATES TO THE BASIC POINT THAT TRAINING HAS BEEN PERHAPS THE MOST IMPORTANT, EFFECTIVE--AND APPRECIATED--ACTIVITY IN OUR MILITARY ASSISTANCE RELATIONSHIP WITH THE VEN ARMED FORCESM (SEE CARACAS 8693.) WE RECEIVED EVIDENCE OF THAT RECENTLY IN THE COMMENTS OF A SENIOR MOD OFFICIAL REPORTED IN

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COMUSMILGRPVE 311630Z AUG 76. THEREFORE WE FACE NOT ONLY THE

POINT THAT THEIR TRAINING PROGRAM HAS BEEN DISRUPTED BY OUR LEGISLATIVE ACTION, BUT THE PSYCHOLOGICAL PROBLEM OF THE VENS PERCEIVING IN THIS A COOLING, A LACK OF CONCERN OR A LACK OF CONSIDERATION.

3. OBVIOUSLY THE BEST WAY TO RESOLVE THIS ISSUE WOULD BE TO MAKE AVAILABLE SOME SUITABLE SUM OF GRANT FUNDS TO PERMIT AN ORDERLY PHASE-OUT. IT HAD BEEN MY UNDERSTANDING THAT THE CUT-OFF OF IMET FUNDS FOR VENEZUELA WAS LEGISLATIVE, BUT I CANNOT FIND SUCH STIPULATION IN THE LEGISLATION. I WOULD APPRECIATE RECEIVING DEPARTMENT'S DETERMINATION AS TO WHETHER SUCH A BAR IS LEGISLATIVE OR ADMINISTRATIVE AND WHETHER THERE IS ANY FLEXIBILITY IN THIS REGARD.

4. IF THE CUT-OFF IS MANDATED BY LAW, THEN THE ONLY ALTERNATIVE WOULD BE TO PERMIT SOME USE OF THE FMS CREDIT FOR TRAINING TO FACILITATE AN ORDERLY PHASE-OUT OF IMET AND PHASE-IN OF THE GOV'S TAKING ON THE BURDEN. THIS WAS THE RATIONALE OF THE CT'S PROPOSAL LAST JUNE (CARACAS 8693 AND COMUSMILGRPVE 161150Z JUN 76 - NOTAL.

5. CONSIDERATION AS TO WHAT LEVEL OF FUNDS TO MAKE AVAILABLE UNDER EITHER OF THE ABOVE ALTERNATIVES MUST CONSIDER THE FOLLOWING:

A) DELAYED DECISION ON IMET 7T FUNDS RESULTED IN SOME LOSS OF GOV PRIORITY TRAINING REQUIREMENTS; B) THE FINAL IMET 7T ALLOCATION MET ONLY A THIRD ROUGHLY OF WHAT THE GOV HAD EXPECTED TO PROGRAM FOR THIS PERIOD; C) THE ORIGINALLY PLANNED IMET TRAINING LEVEL FOR FY 77 WOULD HAVE BEEN APPROXIMATELY \$720,000 AND THIS LEVEL--APPROXIMATELY THE SAME AS IN PREVIOUS YEARS--IS WHAT THE GOV HAD EXPECTED WOULD BE THE AMOUNT OF TRAINING THAT WOULD BE AVAILABLE; D) FIRST QUARTER FY 77 IMET PROGRAMS SCHEDULED BY DSAA WERE FOR \$218,000; IF THE SAME AMOUNT OF TRAINING IS PURCHASED BY THE GOV WITH FMS CREDIT THE COST, MILGRP CALCULATES, WILL BE ABOUT \$568,000.

6. IF WE ARE TO MAKE ANY GESTURE TOWARD THE VEN MOD TO REASSURE THEM OF OUR FRIENDSHIP AND GOODWILL AND GENERALLY REFURBISH OUR MILITARY RELATIONSHIPS, THEN IT HAS TO BE A GESTURE THAT IS MEANINGFUL AND MEANT TO DEAL WITH THEIR OWN REAL BUDGETARY AND ADMINISTRATIVE PROBLEMS. THIS MEANS THAT ANY ALTERNATIVE

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FUNDING WE MIGHT OFFER OUGHT TO BEAR SOME RELATIONSHIP TO THEIR PLANS AND NEEDS. I CANNOT REALISTICALLY ARGUE THAT WE SHOULD SIMPLY PROVIDE SUBSTITUTE FUNDING VIA FMS FOR THE ENTIRE YEAR'S TRAINING. BUT I DO BELIEVE THAT WE SHOULD PROVIDE TRANSITION ASSISTANCE DESIGNED TO PHASE-OUT OUR TRAINING AID GRADUALLY AND IN ORDERLY FASHION, AND PERMIT THE GOV SOME RESOURCES UNTIL ITS OWN INTERNAL BUDGETARY CYCLE CAN ALLOW IT TO TAKE UP THE GAP NEXT CALENDAR YEAR.

7. WHAT I AM AFRAID OF IS THAT THE PROPOSED LEVEL OF \$375,000 FOR THE FIRST QUARTER IS NOT MEANINGFUL ENOUGH TO MAKE THE GESTURE POLITICALLY HELPFUL; IT MAY EVEN BE IRRITATING IF IT APPEARS TO OBVIOUSLY TOKEN. WHAT I SUGGEST WE LOOK AT IS ACTUAL FIRST QUARTER PLANS AND PROBABLE COSTS AND THE DISRUPTED 7T PLANS AS NOTED IN 5 (B) AND (D) ABOVE. ON THAT BASIS AN OFFER TO ALLOW USE OF UP TO \$600,000 OF THE FMS CREDIT WOULD ALLOW THE GOV TO PURCHASE WHAT IT HAD ORIGINALLY HOPED TO PROGRAM IN TERMS OF ITS OWN PRIORITIES FOR THE FIRST QUARTER. THIS IS WHAT I RECOMMEND. I DO NOT SEE THAT THIS LEVEL CREATES ANY REALLY SIGNIFICANT ADVERSE PRECEDENT. THE PRECEDENT OF AN EXCEPTION TO POLICY HAS ALREADY OCCURRED; IF THE PRECISE MAGNITUDE OF THE EXCEPTION IS RELATED TO SOME REAL BUDGETARY QUANTITY THEN I DO NOT SEE WHY \$600,000 FOR THE FIRST QUARTER SHOULD BE THAT UNDESIRABLE.

8. IN MAKING THIS RECOMMENDATION, I WANT TO MAKE CLEAR THAT THE IDEA OF USING THE FMS CREDIT FOR THIS PURPOSE IS OURS. THE GOV HAS NOT REQUESTED IT, AND I CANNOT GUARANTEE THAT IT WOULD ACCEPT IT. IT MAY BE THAT IN THEIR OWN TRADE-OFF DECISIONS THEY MAY DECIDE TO SCRAP TRAINING FOR EQUIPMENT. WHAT I THINK IS ESSENTIAL HOWEVER IF A) THAT WE MAKE THE OFFER SO THAT THEY CAN USE IT IF THEY WISH AND SO THAT THEY CAN PERCEIVE OUR INTEREST IN BEING AS HELPFUL AS WE CAN; AND B) THAT THAT OFFER BE MEANINGFUL AND NOT TOKEN.
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